



Department of Justice

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DE BEERS CENTENARY AG PLEADS GUILTY TO PRICE-FIXING INDICTMENT

Sentenced to Pay \$10 Million Fine for Conspiring to Fix Industrial Diamond Prices

WASHINGTON, D.C.— De Beers Centenary AG pled guilty today and was sentenced to pay a \$10 million criminal fine to resolve a longstanding indictment for conspiring to fix the price of industrial diamonds in the United States and elsewhere, the Department of Justice announced.

The plea agreement, which resolves the Department's 1994 indictment, was filed today in U.S. District Court in Columbus, Ohio.

In 1994, a federal grand jury in Columbus, Ohio indicted De Beers Centenary for conspiring to raise list prices of various industrial diamond products worldwide in 1991 and 1992. De Beers' alleged co-conspirator, General Electric, was tried and acquitted by the district court on this charge. De Beers Centenary, headquartered in Lucerne, Switzerland, was not tried on the charge because the court lacked jurisdiction over the company. As a result of the plea agreement filed today, De Beers Centenary has consented to the jurisdiction of the court to resolve this case.

Diamond tool manufacturers use industrial diamond products in cutting and polishing tools for a variety of manufacturing and construction applications, including road construction, stone cutting and polishing, automobile manufacturing, mining, and oil drilling.

In entering the plea agreement, De Beers Centenary admitted that it reached agreements with its co-conspirator to raise list prices for certain industrial diamond products sold worldwide, as charged in the indictment. In furtherance of the conspiracy, officers, employees and agents acting on behalf of DeBeers had communications and discussions with, attended meetings with, and transmitted detailed future pricing information and plans to its co-conspirator. According to the plea agreement, De Beers Centenary and its co-conspirator sometimes used the cover of an officer of a customer, who was actually acting on behalf of De Beers Centenary, to transmit detailed future pricing information and plans to each other.

“This guilty plea reflects the Department’s persistence in the fight against illegal price fixing,” said R. Hewitt Pate, Assistant Attorney General in charge of the Department's Antitrust Division. “Although jurisdictional issues prevented the Department from litigating the charge against De Beers Centenary for a decade, this plea indicates our commitment to seeing justice prevail.”

De Beers Centenary and a number of interrelated firms, including De Beers Consolidated Mines Ltd., owned or controlled various companies that manufactured, distributed and sold industrial diamonds in the United States and elsewhere. Industrial diamonds are manufactured by applying extremely high pressure and temperature to carbon-rich material to transform it into diamond.

De Beers Centenary was charged with violating Section One of the Sherman Act, which, at the time the offense was committed, carried a maximum penalty of a \$10 million fine for a corporation. The maximum statutory fine may be increased to twice the gain derived from the

crime or twice the loss suffered by the victims of the crime, if either of those amounts is greater than the Sherman Act maximum.

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